



中國恒有源發展集團有限公司
CHYY DEVELOPMENT GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 8128)

FIRST QUARTERLY RESULTS ANNOUNCEMENT FOR THE THREE MONTHS ENDED 31 MARCH 2023

CHARACTERISTICS OF THE GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the main board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

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This announcement, for which the directors of CHYY Development Group Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM (the “GEM Listing Rules”) of the Stock Exchange for the purpose of giving information with regard to the Company. The directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

HIGHLIGHTS

Revenue for the three months ended 31 March 2023 (the “Review Period”) amounted to approximately HK\$11,834,000.

Net loss after tax of the Group for the Review Period amounted to approximately HK\$16,596,000.

No dividend was declared for the Review Period.

FINANCIAL REVIEW

The following table provides a brief summary of the financial results of CHYY Development Group Limited (the “Company”) and its subsidiaries (collectively the “Group”). For more detailed information, please refer to the unaudited consolidated financial statements for the Review Period and for the three months ended 31 March 2022.

	Three months ended	
	31 March	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Revenue		
– Shallow geothermal energy utilisation system	11,834	23,640
– Air conditioning/shallow geothermal heat pump	–	–
– Properties investment and development	–	–
	<u>11,834</u>	<u>23,640</u>
Loss for the period	<u>(16,596)</u>	<u>(14,996)</u>
Loss attributable to owners of the parent	<u>(15,698)</u>	<u>(14,794)</u>

During the Review Period, the Group's revenue amounted to approximately HK\$11,834,000 which was mainly contributed by shallow geothermal energy utilisation business as compared with that of approximately HK\$23,640,000 for the corresponding period last year. The revenue decreased by approximately HK\$11,806,000 as compared with that of corresponding period last year. The revenue for the Review Period decreased by approximately 49.96% as compared with the same period last year. The decrease was mainly due to the reduction in the scale of contracts led to a significant reduction in the number of existing projects in the first quarter and no new signed projects entering the construction site during the period under review. At the same time no revenue from sales of air conditioning/shallow geothermal energy heat pump products was recorded during the Review Period. The Group's gross profit margin decreased from 13.51% in last corresponding period to 18.77% in the current period.

Other income and gains decreased from approximately HK\$2,772,000 in the corresponding period last year to approximately HK\$2,214,000 for the three months ended 31 March 2023.

Selling and distribution expenses amounted to approximately HK\$4,455,000 and HK\$5,221,000 for the three months ended 31 March 2023 and 2022 respectively. Besides, administrative expenses amounted to approximately HK\$12,009,000 and HK\$12,427,000 for the three months ended 31 March 2023 and 2022 respectively.

During the Review Period, sales and distribution expenses and administrative expenses decreased by 14.67% and 3.38% respectively compared with the same period last year. The decrease was mainly due to the reduction of labor costs due to the reform of the salary system. On the other hand, and the strict implementation of the relevant expense reimbursement system by the Group since the previous year, and the reduction of administrative-related expenses such as the relevant system and the publicity system.

Finance costs amounted to approximately HK\$174,000 for the three months ended 31 March 2023 as compared with approximately HK\$133,000 for the last corresponding period.

For the three months ended 31 March 2023, the loss during the period under review was approximately HK\$16,596,000, and in the same period last year, the loss was approximately HK\$14,996,000, mainly due to a significant decrease in the scale of revenue.

BUSINESS REVIEW AND OUTLOOK

During the period under review, the overall revenue decreased by about 49.96% compared with the same period last year; in the face of a serious decline in business, the group company adopts a series of cost reduction measures to improve the internal control system of various management and ensure the normal operation of the enterprise activity.

During the period under review, the Group continued to focus on the development of its main business and clean up related projects or companies that could not bring cash flow Manage; change the business idea, from a single market development to a service concept to win Market reputation, driving the breadth and depth of market development; strengthen the recovery of funds from previous projects to ensure positiveness constant funding needs.

During the review period, in the management of project capital flow, on the basis of ensuring a certain gross profit margin, the project is still required not to advance funds carry out market expansion work on the premise of occupying funds from other projects. At the same time, a variety of cooperative business models will be formulated to enhance the city the long-term development of the field to promote shallow ground energy as an alternative energy source for heating.

With the continuous development of the geothermal energy industry and the strong support of national policies, various places have also issued relevant support, Policies for the development of geothermal energy industry, such as the official website of the Liaoning Provincial Department of Housing and Urban-Rural Development, issued the “Urban and Rural Construction in Liaoning Province Notice of the Implementation Plan” for Carbon Peaking, and Shanxi Province issued the Implementation Plan for the “Development of Geothermal Energy Industry in Shanxi Province (2023-2025) Notice” on the “Comprehensive Promotion of Geothermal Energy Application in Public Buildings and a series” of others File; The General Office of the People’s Government of Shandong Province issued the Notice on Several Measures to “Support the Development and Utilization of Geothermal Energy”.

2023 is the third year proposed by the 14th Five-Year Plan of the People’s Republic of China, and the Group should fully seize the opportunity and solve history in the process of development Remaining problems, gradually improve the management system in the running-in, strengthen determination, “spell” first, “dry” word Vigorously promote the development of green energy industry and promote the group’s operation and management to a new level.

FINANCIAL RESULTS

The Board of Directors (the “Board”) of CHYY Development Group Limited (the “Company”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the three months ended 31 March 2023 together with the unaudited comparative figures for the corresponding period in 2022 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND COMPREHENSIVE INCOME

For the three months ended 31 March 2023

	Notes	Three months ended 31 March	
		2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Revenue	3	11,834	23,640
Cost of sales		<u>(9,612)</u>	<u>(20,447)</u>
Gross profit		2,222	3,193
Other income and gains	4	2,214	2,772
Selling and distribution expenses		(4,455)	(5,221)
Administrative expenses		(12,009)	(12,427)
Other operating expenses		(9)	(54)
Finance costs	5	(174)	(133)
Share of profits and losses of:			
A joint venture		(173)	–
Associates		<u>(4,212)</u>	<u>(3,126)</u>
Loss before tax	6	(16,596)	(14,996)
Income tax expense	7	<u>–</u>	<u>–</u>
Loss for the period		<u>(16,596)</u>	<u>(14,996)</u>
Attributable to:			
Owners of the parent		(15,698)	(14,794)
Non-controlling interests		<u>(898)</u>	<u>(202)</u>
		<u>(16,596)</u>	<u>(14,996)</u>

	Three months ended	
	31 March	
<i>Notes</i>	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Loss for the period	(16,596)	(14,996)
Other comprehensive income/(loss)		
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:		
Exchange differences:		
Exchange differences on translation of foreign operations	1,309	2,305
Share of other comprehensive income of a joint venture	2	–
Share of other comprehensive income/(loss) of associates	1,196	400
Net other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods	2,507	2,705
Other comprehensive income/(loss) for the period, net of tax	2,507	2,705
Total comprehensive loss for the period	(14,089)	(12,291)
Attributable to:		
Owners of the parent	(13,467)	(11,872)
Non-controlling interests	(622)	(419)
	(14,089)	(12,291)
Loss per share attributable to ordinary equity holders of the parent	(0.347)	(0.337)
Basic and diluted (expressed in HK cents)	(0.347)	(0.337)

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 31 March 2023

1. GENERAL

CHYY Development Group Limited (the “Company”) was incorporated in Cayman Islands as an exempted company with limited liability and its shares are listed on the GEM of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The addresses of the registered office and principal place of business of the Company are P.O. Box 31119, Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman KY1-1205, Cayman Islands and 8/F, Chung Hing Commercial Building, 62-63 Connaught Road Central, Central, Hong Kong respectively.

During the period, the Group was involved in the following principal activities:

- Provision, installation and maintenance of shallow geothermal energy utilisation system
- Trading of air conditioning heat pump products
- Investment in properties for their potential rental income
- Trading of securities and other types of investments

2. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Chapter 18 of the Rules Governing the Listing of Securities on the GEM of The Stock Exchange of Hong Kong Limited (the “GEM Listing Rules”) and with Hong Kong Financial Reporting Standards (“HKFRSs”), Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). These financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand except when otherwise indicated.

The accounting policies adopted in the preparation of the financial statements are consistent with those adopted in preparing the audited financial statements for the year ended 31 December 2022.

The Group has adopted new and amended standards and interpretations of HKFRSs which are mandatory for the accounting periods beginning on or after 1 January 2023 and relevant to its operations. The adoption of such new and amended standards and interpretations does not have material impact on the condensed consolidated first quarterly financial information and does not result in substantial changes to the Group’s accounting policies.

The Group has not applied the new HKFRSs that have been issued but are not yet effective but is in the process of assessing their impact on the results of operation and financial position of the Group.

The condensed consolidated accounts have not been audited by the Company’s auditor, but have been reviewed by the Company’s audit committee.

Basis of consolidation

The consolidated financial statements include the financial statements of the Group for the period ended 31 March 2023. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e. existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative exchange differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

3. REVENUE

Set out below is the disaggregation of the Group's revenue.

	Three months ended	
	31 March	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Type of goods or service		
Sale, installation and maintenance of shallow geothermal energy utilisation system	11,834	23,640
Sale of air conditioning/shallow geothermal heat pump products	–	–
Rental income	–	–
	<hr/>	<hr/>
Total revenue	11,834	23,640
	<hr/> <hr/>	<hr/> <hr/>
Geographical markets		
The PRC	11,834	23,640
	<hr/>	<hr/>
Total revenue	11,834	23,640
	<hr/> <hr/>	<hr/> <hr/>
Timing of revenue recognition		
Goods transferred at a point in time	–	–
Services transferred over time	11,834	23,640
	<hr/>	<hr/>
Total revenue from contracts with customers	11,834	23,640
	<hr/>	<hr/>
Rental income	–	–
	<hr/>	<hr/>
Total revenue	11,834	23,640
	<hr/> <hr/>	<hr/> <hr/>

4. OTHER INCOME AND GAINS

Other income and gains is analyzed as follows:

	Three months ended 31 March	
	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Bank interest income	31	94
Others	2,183	2,678
	<u>2,214</u>	<u>2,772</u>

5. FINANCE COSTS

An analysis of finance costs is as follows:

	Three months ended 31 March	
	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Interest on bank loans, overdraft and other loans	174	133
	<u>174</u>	<u>133</u>

6. LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging:

	Three months ended 31 March	
	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Cost of sales	9,612	20,447
Depreciation – Property, plant of equipment	2,104	2,020
Depreciation – Right-of-use assets	154	–
Employee benefit expense (including directors' and chief executive's remuneration)	9,083	12,530
	<u>9,083</u>	<u>12,530</u>

7. INCOME TAX EXPENSE

	Three months ended 31 March	
	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
PRC enterprise income tax	—	—

Hong Kong profits tax has not been provided as the Group did not generate any assessable profits arising in Hong Kong during the three months ended 31 March 2023 (2022: Nil).

PRC enterprise income tax has been provided at the relevant tax rate of the net assessable profits attributable to the Group's operations in the PRC during the three months ended 31 March 2023.

8. DIVIDENDS

No dividends were paid, declared or proposed during the reporting period. The directors do not recommend payment of any dividend for the three months ended 31 March 2023 (2022: nil).

9. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic and diluted loss per share based on:

	Three months ended 31 March	
	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Loss		
Loss for the period attributable to ordinary equity holders of the parent	<u>(15,698)</u>	<u>(14,794)</u>
	<i>'000</i>	<i>'000</i>
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic loss per share calculation	<u>4,526,925</u>	<u>4,394,597</u>

10. CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the three months ended 31 March 2023

	Attributable to owners of the parent												
	Shares held for Share		Share premium	Statutory reserve	Assets revaluation reserve	Contributed surplus	Special reserve	Capital reserve	Exchange fluctuation reserve	Accumulated losses	Total	Non-controlling interests	Total equity
	Share capital	Award Scheme											
At 1 January 2022 (audited)	353,043	(8,169)	906,013	2,935	45,448	154,381	7,553	85,707	(907)	(1,144,010)	401,994	26,186	428,180
Loss for the period	-	-	-	-	-	-	-	-	-	(14,794)	(14,794)	(202)	(14,996)
Other comprehensive income/(loss) for the period:													
Exchange differences related to foreign operations	-	-	-	-	-	-	-	-	2,522	-	2,522	(217)	2,305
Share of other comprehensive income of associate	-	-	-	-	-	-	-	-	400	-	400	-	400
Total comprehensive income/(loss) for the period	-	-	-	-	-	-	-	-	2,922	(14,794)	(11,872)	(419)	(12,291)
At 31 March 2022 (unaudited)	353,043	(8,169)	906,013	2,935	45,448	154,381	7,553	85,707	2,015	(1,158,804)	390,122	25,767	415,889
	Attributable to owners of the parent												
	Shares held for Share		Share premium	Statutory reserve	Assets revaluation reserve	Contributed surplus	Special reserve	Capital reserve	Exchange fluctuation reserve	Accumulated losses	Total	Non-controlling interests	Total equity
	Share capital	Award Scheme											
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2023 (audited)	353,043	(8,169)	906,013	5,733	38,359	154,381	7,553	85,426	(11,799)	(1,279,726)	250,814	33,877	284,692
Loss for the year	-	-	-	-	-	-	-	-	-	(15,698)	(15,698)	(898)	(16,596)
Other comprehensive income for the year:													
Exchange differences arising from translation of foreign operations	-	-	-	-	-	-	-	-	1,033	-	1,033	276	1,309
Share of other comprehensive expense of a joint venture	-	-	-	-	-	-	-	-	2	-	2	-	2
Share of other comprehensive expense of associates	-	-	-	-	-	-	-	-	1,196	-	1,196	-	1,196
Total comprehensive income for the year	-	-	-	-	-	-	-	-	2,231	(15,698)	(13,467)	(622)	(14,089)
At 31 March 2023 (unaudited)	353,043	(8,169)	906,013	5,733	38,359	154,381	7,553	85,426	(9,568)	(1,295,424)	237,348	33,255	270,603

11. EVENTS AFTER THE REPORTING PERIOD

- (1) In November 2021, Ever Source Investment Management Co., Ltd. (“Ever Source Investment”), a wholly owned subsidiary of the Company, received a civil complaint from Shanghai Gangze Trading Company Limited* (上海港澤貿易有限公司) (“Shanghai Gangze”) against Ever Source Investment and Beijing Rungu Investment Co., Ltd. (北京潤古投資有限公司) (“Beijing Rungu”), requesting Beijing First Intermediate People’s Court to (i) order the cancellation of the Equity Transfer Agreement and the Supplemental Equity Transfer Agreement; (ii) order Ever Source Investment to return the equity transfer amount of RMB237,000,000 to Shanghai Gangze and compensate for the provisional interest loss of RMB8,217,995.83, totaling RMB245,217,995.83; (iii) order Beijing Rungu to bear joint and several liabilities for the aforementioned interest loss; and (iv) order Ever Source Investment and Beijing Rungu to bear the litigation costs, preservation fees and preservation guarantee fees for the case.

In January 2022, Ever Source Investment was notified by Beijing Life Insurance Co., Ltd. (“Beijing Life”) that they received a notice of assistance in enforcement and a civil ruling issued by the Beijing First Intermediate People’s Court. According to the civil ruling, the court ruled to implement the assets preservative measures applied by Shanghai Gangze (as the applicant) against Ever Source Investment (as the respondent) and Beijing Rungu (as the respondent) by freezing the bank deposits or seizure and impounding the assets with the equivalent sum that held by Ever Source Investment and Beijing Rungu respectively. The limits imposed on Ever Source Investment and Beijing Rungu are RMB245,217,995.83 and RMB8,217,995.83 respectively. In addition, according to the notice of assistance in enforcement, Beijing Life is required to assist in freezing the 4.99965% equity interest of Beijing Life held by Ever Source Investment, corresponding to the paid-up capital of RMB142,990,000, for 3 years commencing from 12 January 2022 to 11 January 2025. During the freezing period, transfer, sale and pledge of the above equity interests are prohibited without the permission of the court. At the reporting date, Ever Source Investment’s bank account with Beijing Rural Commercial Bank has been frozen with the amount of RMB50,288.

In November 2022, Ever Source Investment received a civil judgement (the “Civil Judgement”) in respect of the litigation case No. (2021) Jing 01 Min Chu No.860 ((2021)京01民初860號) from the First Intermediate People’s Court of Beijing (the “Beijing Court”). According to the Civil Judgement, the Beijing Court ruled that the Plaintiff Shanghai Gangze shall perform that (i) Shanghai Gangze shall compensate Ever Source Investment for the loss of legal fees of RMB200,000 within 10 days after this judgment takes into effect; and (ii) reject all claims from Shanghai Gangze. If Shanghai Gangze failed to perform its monetary obligation within the period specified in this judgment, it shall pay double the debt interest during the delayed performance period in accordance with the provisions of Article 260 of the Civil Procedure Law of the People’s Republic of China. The acceptance fee of the case, the property preservation fee and the acceptance fee of the counterclaim case are all borne by Shanghai Gangze.

In December 2022, Shanghai Gangze Trading Company Limited (上海港澤貿易有限公司) filed an appeal so far the second instance has not yet been heard, the industrial and commercial registration has not been changed and Ever Source Investment is still a shareholder of Beijing Life.

The Company considered that the above court ruling has no significant adverse effect on the normal operation and financial of the Group. The Company will vigorously respond to the litigation and will make further announcement(s) to keep its shareholders and investors informed of any significant development of the litigation as and when appropriate.

- (2) On 22 September 2023, a wholly-owned subsidiary of the Company (Ever Source Science and Technology Development Group., Ltd.) (the “Vendor”) entered into this Agreement with Sichuan Changhong Air Condition Co., Ltd (the “Purchaser”), pursuant to which the Seller agreed to sell for a consideration of RMB19.618 million, and the Purchaser agreed to acquire 34% of the equity interest in Target company Hong Yuan Ground Source Heating Pump Technology Co., Ltd. for a consideration of RMB19.618 million. After the completion of the transaction, the Group will still hold 15% of the equity interest in Hong Yuan Ground Source Heating Pump Technology Co., Ltd., which will still be recorded as an associate of the Company in the Group’s consolidated financial statements. For details, please refer to the Company’s announcement on 22 September 2023.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS OR SHORT POSITIONS IN THE SHARE CAPITAL OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 31 March 2023, the interests or short positions of the directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which will be required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short position which they are taken or deemed to have taken under such provisions of the SFO), or which will be required to be entered into the register kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, were as follows:

Long Positions in Shares and Equity Derivatives

Name of Directors	Nature of interest	Number of Shares	Percentage of total issued Shares ⁽¹⁾
Mr. Xu Shengheng	Beneficial owner	717,670,600	15.85%
	Interest of spouse ⁽⁵⁾	982,800	0.02%
Ms. Chan Wai Kay Katherine	Beneficial owner	62,290,400	1.38%
	Interest of spouse ⁽⁶⁾	14,103,600	0.31%
Ms. Liu Ening	Beneficial owner	250,000,000	5.52%
Mr. Zhang Yiyong	Beneficial owner	2,504,000	0.06%
	Interest of Controlled Corporation ⁽²⁾	250,000,000	5.52%
Mr. Jia Wenzeng	Beneficial owner	2,000,000	0.04%
Mr. Wu Desheng	Beneficial owner	2,000,000	0.04%
Mr. Wu Qiang	Beneficial owner	2,000,000	0.04%
Mr. Guan Chenghua	Beneficial owner	2,000,000	0.04%
Mr. Wang Manquan ⁽³⁾	Beneficial owner	716,800	0.02%
Mr. Pan Ya ⁽⁴⁾	Beneficial owner	260,000	0.01%

Notes:

- (1) The calculation is based on (i) the aggregate number of the shares of the Company ("Shares") and the underlying Shares, if any; and (ii) the total number of 4,526,925,163 Shares in Shares in issue of the Company as at 31 March 2023 used for the calculation of the approximate percentage.
- (2) Universal Zone Limited, which is wholly owned by Mr. Zhang Yiyong, holds 250,000,000 Shares. Under the SFO, Mr. Zhang Yiyong is deemed to be interested in all the shares held by Universal Zone Limited.
- (3) Mr. Wang Manquan resigned as executive Director of the Company with effect from 30 June 2022, but he remained as the chief security officer and vice president of the Group. Please refer to the announcement of the Company dated 30 June 2022 for detail. He resigned as the chief security officer and vice president of the Group with effect from 31 December 2022.
- (4) Mr. Pan Ya (潘亞先生) resigned as an executive director of the Company on 30 June 2022 and he still serves as the position of the chief financial officer of the Group. For details, please refer to the announcement dated 30 June 2022 for details.

- (5) These interests are beneficially held by Ms. Luk Hoi Man (陸海汶女士), the spouse of Mr. Xu Shengheng, comprising 982,800 Shares. Pursuant to the SFO, Mr. Xu Shengheng is deemed to be interested in all the interests held by Ms. Luk Hoi Man (陸海汶女士).
- (6) These interests are beneficially held by Mr. Chow Ming Joe Raymond (周明祖先生), the spouse of Ms. Chan Wai Kay Katherine, comprising 14,103,600 Shares. Under the SFO, Ms. Chan Wai Kay Katherine is deemed to be interested in all interests held by Mr. Chow Ming Joe Raymond (周明祖先生).

Save as disclosed above, as at 31 March 2023, none of the directors, chief executive of the Company or their respective associates had any interests or short positions in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which will be required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short position which they are taken or deemed to have taken under such provisions of the SFO), or which will be required to be entered into the register kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the minimum standards of dealing by directors of the Company as referred to in Rules 5.46 to 5.67 of the GEM Listing Rules.

INTERESTS DISCLOSEABLE UNDER SFO AND SUBSTANTIAL SHAREHOLDERS

So far as is known to the directors of the Company, as at 31 March 2023, persons (other than directors or chief executive of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were required pursuant to Section 336 of the SFO, to be entered into the register referred to therein, were as follows:

Long Positions in Shares and Underlying Shares

Name	Nature of interest	Number of Shares	Percentage of total issued Shares ⁽¹⁾
China Energy Conservation and Environmental Protection (Hong Kong) Investment Company Limited ⁽²⁾	Beneficial interest	1,190,000,000	26.29%
China Energy Conservation and Environmental Protection Group ⁽²⁾	Interest of controlled corporation	1,190,000,000	26.29%
Ms. Luk Hoi Man ⁽⁵⁾	Beneficial interest	982,800	15.88%
	Interest of spouse	717,670,600	
Mr. Zhang Yiyi ⁽⁴⁾	Beneficial owner	2,504,000	0.06%
Universal Zone Limited ⁽⁴⁾	Beneficial owner	250,000,000	5.52%
Mr. Wang Zhiyu ⁽³⁾	Interest of spouse	250,000,000	5.52%

Notes:

- (1) The calculation is based on (i) the aggregate number of Shares and, if any, underlying Shares pursuant to share awards; and (ii) the total number of 4,526,925,163 Shares in issue of the Company.
- (2) China Energy Conservation and Environmental Protection (Hong Kong) Investment Company Limited, a wholly-owned subsidiary of China Energy Conservation and Environmental Protection Group, holds 1,190,000,000 Shares.
- (3) Such interests are beneficially owned by Mr. Wang Zhiyu# (王志宇先生), the spouse of Ms. Liu Enning (劉婀娜女士), and is therefore deemed to be interested in all the interests held by Ms. Liu Enning.
- (4) Such interest is beneficially held by Universal Zone Limited (“Universal Zone”), which is beneficially owned by Mr. Zhang Yiying (張軼穎先生), and is therefore deemed to be interested in all the interests held by Universal Zone under the SFO.
- (5) The interests are beneficially held by Mr. Xu Shengheng (徐生恒先生), the spouse of Ms. Luk Hoi Man (陸海汶女士), comprising 717,670,600 Shares. Pursuant to the SFO, Ms. Luk Hoi Man (陸海汶女士) is deemed to be interest in all the interest held by Mr. Xu Shengheng (徐生恒先生).

Mr. Wang Zhiyu resigned as a non-executive Director of the Company with effect from 12 March 2021.

Save as disclosed above, as at 31 March 2023, the directors of the Company were not aware of any other person (other than directors or chief executive of the Company) who had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were required, pursuant to Section 336 of the SFO, to be entered into the register referred to therein.

SHARE AWARD SCHEME

On 15 January 2020 (the “Adoption Date”), the Board approved the adoption of a share award scheme (the “Share Award Scheme”). The purposes of the Share Award Scheme are to recognise and reward the contribution of eligible participants to the growth and development of the Group, to give incentives to eligible participants in order to retain them for the continual operation and development of the Group and to attract suitable personnel for further development of the Group. For details of the Share Award Scheme, please refer to the announcement of the Company dated 15 January 2020.

Since the Adoption Date and up to 31 March 2023, a total of 58,000,000 awarded shares had been awarded and vested in accordance with the terms of Share Award Scheme and the vesting conditions as specified by the Board.

During the three months ended 31 March 2023, no awarded shares under the Share Award Scheme was granted.

COMPETITION AND CONFLICT OF INTERESTS

None of the directors or substantial shareholders of the Company or any of their respective associates has engaged in any business that competes or may compete with the business of the Group or has any other conflict of interests with the Group.

AUDIT COMMITTEE

The Company has established an audit committee with written terms of reference which deal clearly with its authority and duties. The audit committee's primary duties are to review and to supervise the financial reporting process, risk management and internal control systems of the Group and to provide advice and comments to the directors of the Company.

The audit committee currently comprises four independent non-executive Directors, namely, Mr. Jia Wenzeng, Mr. Wu Desheng, Mr. Wu Qiang and Mr. Guan Chenghua. Mr. Jia Wenzeng is the chairman of the audit committee. The audit committee has reviewed the Group's unaudited results for the Review Period and has provided advice and comment thereon.

SECURITIES TRANSACTIONS BY DIRECTORS

The Company has not adopted its own code of conduct regarding securities transactions by directors, but having made specific enquiry of all directors, the Company was not aware of any non-compliance with the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules and its code of conduct regarding securities transactions by directors during the Review Period.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

During the Review Period, neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities.

As at the date of this announcement, the Board comprises, Mr. Xu Shengheng, Ms. Chan Wai Kay, Katherine, and Mr. Dai Qi as executive Directors, Mr. Liao Yuan, Mr. Zhang Yiying and Ms. Liu Ening as non-executive Directors, Mr. Wu Desheng, Mr. Wu Qiang, Mr. Jia Wenzeng, and Mr. Guan Chenghua as independent non-executive Directors.

By Order of the Board of
CHYY Development Group Limited
Xu Shengheng
Chairman

Hong Kong, 11 October 2023

This announcement will remain on the "Latest Company Announcements" page of the Stock Exchange website www.hkexnews.hk for at least 7 days from the date of its publication. This announcement will also be published on the Company's website at www.chyy.com.hk.